

CAN I AFFORD TO RETIRE?

Deductions from Pension Check

(see back of page for explanation of deductions)

Income Tax	\$ _____
Loan	+ _____
Health Benefits	+ _____
Total Deductions	\$ _____



Comparing Net Salary With Net Pension

Gross monthly pension \$ _____

Deductions - _____

Net monthly pension _____
X 12 months

Net annual pension \$ _____

Net paycheck \$ _____

(after deductions)

Number of pays per year X _____

Net annual salary \$ _____

Net annual salary \$ _____

Net annual pension - _____

Difference \$ _____

Subtract the net annual pension from the net annual salary to see how much less you will have to live on in retirement. If you have investment income or social security to make up the difference, you should be fine. If not, you may have to find other employment to supplement your pension income. Remember that you will save on work-related expenses (eating out, clothing, transportation) once you retire.

If your net annual pension is more than your net annual salary, congratulations. You will be getting more money in retirement than you were bringing home while working!

Possible Deductions from Pension Check

Income Tax

- Federal – due as soon as you start collecting pension (see federal income tax withholding tables)
- State – If living in NJ, none due until you have collected pension equal to your total contribution to the retirement system (unless not recovered in 3 years).

At age 62 you can exclude \$20,000 if married filing joint return

\$15,000 if single

If living outside NJ, you are not subject to NJ income tax.

Loan

Current biweekly loan deduction X 2.175 = approximate monthly loan deduction from your pension check

Health Benefits

- **State Employees:** If you reached 25 years of service in the retirement system by 7/1/97, the State will pay the monthly premium for your coverage regardless of the State Health Benefits Program health plan you choose, if you were eligible for State Health Benefits Program coverage until your retirement date. For State employees who reach 25 years of service between 7/1/97 and 7/1/2003, or who retire during that period on a disability retirement, the State will pay the monthly premium for your coverage if you choose NJ PLUS coverage or coverage under one of the HMOs. If you choose Traditional Plan coverage, you will pay a portion of the monthly premium (some law enforcement union members are not subject to premium sharing).
- **School Board or County College Employees:** If you have 25 years of service in the retirement system when you retire, or if you retire on a disability retirement, and you were eligible for health insurance coverage through your employer until your date of retirement, you are entitled to State-paid State Health Benefits Program coverage in retirement.
- **Local Employees:** You must have State Health Benefits Program coverage as an employee until your retirement date to be eligible to continue that coverage in retirement. Some employers have agreed to pay for coverage of employees who retire with 25 years of service in the retirement system or retire on a disability retirement. The employer may require that some or all of those years be with the employer at the time of retirement or may require that you be at least age 65 when you retire to qualify for this benefit. Some employers have also agreed to pay for coverage for those who are age 62 or older with at least 15 years of service credit in the retirement system.

If you have State Health Benefits Program (SHBP) coverage until your retirement date, but your employer has not agreed to pay for SHBP coverage for its retirees, or if you do not meet the employer's requirements for paid coverage in retirement, you must pay the monthly premium to continue that coverage into retirement. See the SHBP retiree rate charts for cost.